

New DoD Initiative Proves There's Power in Numbers

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WASHINGTON — If you use a personal computer at work, and chances are you do, then chances are you are or will be participating in a DoD-wide program that's avoiding millions in costs for software.

Under a relatively new and little known program called the Enterprise Software Initiative, commonly referred to as ESI, DoD is leveraging its power as the largest federal user of computers to negotiate below-market prices for commercial software.

With more than two million software users throughout the Services and various defense agencies, DoD realized it was in a good position to get high-quality products cheap if it could convince the Services to work together, according to Navy Cmdr. Jim Clausen, who works with the initiative in the Office of the Assistant Secretary of Defense for Command, Control, Communications and Intelligence.

Clausen said that prior to the initiative, Services bought software individually through standard purchasing procedures. Under the ESI, however, DoD negotiates agreements with vendors in specific software categories to get the lowest prices on software, maintenance, and support for all the Services.

A committee of representatives from all Services and selected defense agencies meets once a week to discuss potential software buys. The key, Clausen said, is that 80 percent of the committee agrees on a purchase.



Editor's Note: This information is in the public domain at <http://www.defenselink.mil/news>.

"Once we have that level of interest in a particular piece of software, then we ask one of the Services to be the lead agency for negotiations," he said. For example, the Army has taken the lead for negotiating agreements for database software. The Navy negotiates for automation software, and the Air Force handles records management areas.

The lead agent then makes the purchase using money from the Defense Working Capital Funds [DWCF]. Once the software is acquired, the lead agency sells it to DoD customers and re-pays the DWCF.

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Since July 1999, software agreements have been completed with the companies that make Visio graphics software; Corel desktop; Oracle, Informix

and Sybase database software; and Provenance and PS Software electronic records management software. The negotiations saved about \$75 million, Clausen said.

Additionally, the Navy, serving as the lead agency, is negotiating a new DoD-wide agreement with Microsoft to cover all server products. Agreements are also under discussion with Adobe, JetForms, Lotus Development Corp., and Sun Microsystems.

Because of the size of its purchases, DoD has found it sometimes pays less than half the price offered to the General Services Administration. GSA usually pays the lowest prices among government agencies and offices.

"Our motto is nobody's going to beat our prices," Clausen said. "And what we've found is that software companies like this way of doing business. Although we benefit financially, the companies get a large market share, and their products are getting wide exposure."

He said the new business practices are part of the acquisition reform process. They're part and parcel of the Defense

Reform Initiative — DoD's overall effort to cut costs and make more efficient use of resources.

In addition to greatly reduced software prices, Clausen said, DoD negotiated flexible licensing agreements that allow programs to be transferred from one computer to another. This, he said, will help DoD customers avoid additional software costs down the road.

"Typically, when agencies replace computers they routinely throw out the old and replace it with one containing all new software, even though much of the software may be the same as on the old system," Clausen explained. "They won't have to do that with the software we purchase through the ESI. We'll be able to transfer those licenses clear across the world if needed, shifting assets back and forth throughout DoD rather than writing a new check for more software."

Although the initiative is still in its infancy, Clausen said plans are underway for software purchased through the ESI to be available through the Defense Logistics Agency's Electronic Commerce Mall. Customers eventually will be able [to not] only purchase the software online, but download it and the licensing agreement directly from DLA.

For now, however, the ESI is concentrating on getting the best products at the best price.

"That's our challenge — to keep up with the various deals either in place or being worked so we can negotiate even lower prices," Clausen said.

DoD's efforts were rewarded in September when the ESI working group received the 1999 Interagency Resources Management Conference [IRMCO] award for team achievement. The IRMCO is the federal government's premier conference on information technology and agency business solutions. More information on ESI can be obtained through the Internet at www.naw-cad.navy.mil/its/EnterpriseSoftware.